

CRS Issue Brief for Congress

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School Choice: Current Legislation

Updated March 28, 2005

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School Choice: Current Legislation

SUMMARY

Legislative proposals to provide parents with enhanced opportunities to select their children's schools are varied and widely debated. Many school choice proposals have been made with the intent of improving the quality and increasing the range of educational opportunities available to students. Some proponents of school choice suggest that the availability of more school choices will both provide more students with access to better schools and also induce public schools to improve through market competition. Some opponents express concerns about choice programs, such as the potential for redirecting public education funding and possible variation in the quality and availability of schools from which to choose.

School choice has been an active legislative issue during the past several Congresses. The 108th Congress enacted a school voucher program for the District of Columbia — the DC School Choice Incentive Act — as part of the FY2004 Consolidated Appropriations Act. The 107th Congress expanded the federal role in supporting elementary and secondary (K-12) school choice by authorizing distributions from Coverdell Education Savings Accounts (ESAs) to be used for K-12 education expenses (including private school tuition), and through enactment of the No Child Left Behind Act (NCLBA), which amended and extended the Elementary and Secondary Education Act (ESEA). School choice is supported under the following ESEA programs:

— Title I-A: public school choice for students attending Title I-A schools that do not make adequate yearly progress (AYP) for two or more consecutive years;

— Title I-A: supplemental education services for students attending Title I-A schools that do not make AYP for three or more consecutive years;

— Innovative Programs;

— Public Charter Schools Programs;

— Voluntary Public School Choice program;

— Magnet Schools Assistance programs;

— Fund for the Improvement of Education; and

— Unsafe School Choice: school choice for students who are victims of violent crimes or attend unsafe schools.

The 109th Congress may consider legislation affecting federal support of school choice in K-12 education. Types of proposals that may be considered include:

— the authorization of tax credits or deductions for families' K-12 education expenses, or tax credits for contributions to charitable organizations that support school choice;

— the establishment of a K-12 grant or voucher program to assist eligible families meet the costs of qualified K-12 educational expenses; or

— revisions to the criteria specifying when and how school choice and supplemental educational services must be provided under ESEA Title I-A to children assigned to schools and local educational agencies (LEAs) identified for improvement.

MOST RECENT DEVELOPMENTS

On June 14, 2004, the U.S. Supreme Court ruled in *Hibbs v. Winn* (542 U.S. 1099), which involved the Arizona tax credit program, that Constitutional challenges to state tax benefits, such as tax credits, may be made in federal courts. The Arizona tuition tax credit program had been challenged in federal courts on grounds that it violates the Establishment Clause of the First Amendment to the Constitution because it permits scholarships to be awarded for attendance at parochial schools. The ruling allows the challenge to proceed in the federal courts.

On February 25, 2004, the U.S. Supreme Court ruled in *Locke v. Davey* (540 U.S. 712) that the State of Washington's practice of denying students from using Promise Scholarships to support study toward a postsecondary degree in theology is not in violation of the Free Exercise clause of the First Amendment. The court held that "there are some state actions permitted by the Establishment Clause but not required by the Free Exercise Clause." While some had anticipated that the court's ruling might have broader implications, particularly on whether publicly funded K-12 school voucher programs might be required to include religiously affiliated schools among school choice options, the court's ruling was narrowly tailored to the issue of funding scholarships for the "religious training of clergy."

BACKGROUND AND ANALYSIS

Introduction

According to the National Center for Education Statistics (NCES), during the 1990s, the proportion of the nation's school children attending schools of choice increased modestly, with the increase due primarily to greater numbers of children attending chosen public schools. Across all income levels, greater proportions of students attended public schools of choice in 1999 than in 1993. However, among students attending schools of choice (whether public or private), those from lower-income families were more likely to attend a public school of choice, whereas those from higher-income families were more likely to attend a private school. Despite modest growth in the exercise of school choice, by the end of the decade three-quarters of elementary and secondary school students still attended a public school to which they were assigned. (U.S. Department of Education, National Center for Education Statistics, Statistical Analysis Report, *Trends in the Use of School Choice: 1993 to 1999*, May 2003.) NCES also has found that as of 2003, approximately 1.1 million students are being homeschooled in the United States, up from an estimated 850,000 in 1999. (U.S. Department of Education, National Center for Education Statistics, Issue Brief, *1.1 Million Homeschooled Students in the United States in 2003*, July 2004).

The federal government and many states and localities have implemented numerous policies and programs that have enhanced parents' ability to select the schools their children attend, contributing to the modest growth in the exercise of school choice observed over the past decade. While many school choice policies and proposals have become popular and broadly support approaches toward increasing students' access to diverse educational opportunities and effecting elementary and secondary education reform, others remain controversial and divisive.

This issue brief provides an overview of current local, state, and federal policies and programs that support school choice and identifies and summarizes recent federal school choice legislation. It is updated regularly to reflect congressional action on legislation concerning school choice and related developments in states and localities.

Methods of Supporting School Choice

Students from families with sufficient resources and capabilities may be considered able to choose from among a wide array of school options. For many students, however, the extent to which they and their parents can exercise school choice depends upon the scope of public policies and programs implemented at the federal, state, and local level. While existing federal, state, and local programs that support school choice with public resources have a variety of features, they generally fall into six broad categories.

Intradistrict Public School Choice. Students may choose among some or all the public schools within their home school district. Open enrollment plans, magnet schools (created to promote voluntary school desegregation), and alternative schools also are examples of intradistrict choice options.

Interdistrict Public School Choice. Students may choose to attend public schools outside their home school district. Included in this type are special school districts, such as secondary education districts providing vocational or technical education and training, and some magnet schools.

Charter Schools. Students may choose to attend public schools operating under charters granting them greater operational autonomy in exchange for increased accountability for outcomes. A charter school may be a school within a local educational agency (LEA) or may be considered its own independent LEA. Virtual charter schools function through the electronic exchange of information between student and teacher, such as from a student's home via the Internet, and typically do not have a common education facility.

Tax Subsidies. The federal and some state tax codes provide deductions or credits supportive of school choice. These include the exemption from taxation of income used for elementary and secondary education expenses, such as through federal Coverdell ESAs and certain state deductions or credits for educational expenses or contributions to school tuition organizations (STOs), which provide private scholarships to children. The federal tax code also allows deductions for interest paid on a home mortgage, as well as state and local taxes. These deductions act to subsidize the cost of families exercising their choice to reside in desired school districts or attendance areas, which often have higher property values and higher amounts of deductible local property taxes or home mortgage interest payments.

Subsidies to Private Schools. Private schools are able to provide educational services at more attractive prices partially as a result of the provision of selected publicly funded services to private school pupils (e.g., transportation, health, and special education services), and the deductibility from taxation of certain contributions received by them or their parent organizations.

School Vouchers and Supplemental Educational Services. Parents may be granted vouchers that they may use to pay a portion of or the total cost of full-time

attendance at a private school. Vouchers are sometimes referred to as scholarships or tuition certificates. Parents also may be granted the opportunity to select the provider of supplemental educational or tutorial services for their children in much the same way as under a voucher program.

There are also privately financed choice options. For example, private groups (such as STOs) have established programs in many localities to help pay tuition and related costs for mostly low-income children to attend private elementary and secondary schools. Also, many families choose to homeschool their children.

Current State and Local School Choice Programs Involving Private Schools

Of policies and programs being implemented in states or localities, most involve only public schools — whether selected schools within an LEA or school district, all schools in an LEA, all public schools in a multi-LEA region or state, or charter schools. School choice programs in which vouchers are provided to a limited number of pupils for attendance at private (including religiously affiliated) schools currently exist in Wisconsin (Milwaukee), Ohio (Cleveland), and Florida. A voucher program for students with disabilities was recently enacted in Utah. In Maine and Vermont, public funding has long been provided to allow children who reside in areas without public schools to attend private schools.

The *Milwaukee Parental Choice Program* provides state funding for low-income students to attend private schools located within Milwaukee. When first implemented in school year 1990-1991, choice was limited to nonsectarian private schools. In the 1994-1995 school year, the program was expanded to include religiously affiliated schools. Students in kindergarten through grade twelve are eligible to participate. During school year 2004-2005, parents are eligible to receive vouchers set at the lesser of \$5,943 or the private school's per-pupil costs (for tuition, operating expenses, debt service, etc.), which they then submit to the school for payment. During the 2004-2005 school year, 15,035 students attending 117 schools participate in the program. (State of Wisconsin, Department of Public Instruction, School Management Services).

The *Cleveland Scholarship and Tutoring Program*, first implemented in the 1996-1997 school year, allows students in kindergarten through grade 3 to apply to receive scholarships to enable them to attend a private school located within the boundaries of the Cleveland Municipal School District or a public school in an adjacent district; or to receive tutoring grants for tutorial services delivered by a private or governmental provider. Students from low-income families are given priority in participating in the program. Students who received scholarships in prior years may continue in the program through grade 10. Parents of students attending private schools or receiving tutorial services are reimbursed by the state for a percentage of the first \$3,000 of tuition. Families with incomes below 200% of the poverty line may receive scholarships for 90% of tuition, up to a maximum of \$2,700; while families with incomes at or above 200% of the poverty line may receive scholarships for 75% of tuition, up to a maximum of \$2,250. Participating private schools must agree to charge students in families with incomes below 200% of the poverty line tuition of no more than 10% of the scholarship amount, all of which may be satisfied by in-kind contributions or services. Students in families with incomes at or above 200% of the poverty line may be charged the difference between the scholarship payment and the school's actual tuition.

(Title 33, Ohio Revised Code, § 3313.97). During the 2003-2004 school year, 5,098 students received tuition scholarships (SchoolChoiceInfo.org. “Cleveland Scholarship and Tutoring Program Student Enrollment.” (based on data reported by the Ohio Department of Education at [http://www.schoolchoiceinfo.org/facts/index.cfm?ftp_id=5&fl_id=2].) No adjacent public school districts have elected to accept students under the program.

In addition to these two local voucher programs, in 1999, the state of Florida implemented *Opportunity Scholarship* legislation, which authorizes the provision of vouchers to pupils in grades K-12 assigned to low-performing public schools that receive an ‘F’ rating for any two years during a four-year period. The vouchers may be used to pay either private school tuition or the costs of enrolling in another public school in the same or a neighboring county. For school year 2004-2005, 21 public schools have been designated as failing schools. The amount of funding available for attendance at private schools is the lesser of the amount of funds that would be available to the public schools for the child’s education — generally between \$3,600 and \$4,300 — or the tuition and fees at the private school. Participating schools must accept the scholarship as payment in full for tuition and fees. School districts are required to provide transferring students with transportation to public schools within the same district, but not to out-of-district public schools nor to private schools. (Floridachild.org, “Opportunity Scholarships — The Basics for Families,” at [<http://floridachild.org/opportunityscholarships/basics.html>]). On November 12, 2004, the full First District Court of Appeal in Florida ruled in *Bush v. Holmes* (case nos. 1D02-3160, 1D02-3163, and 1D02-3199) that the Opportunity Scholarship program is in violation of the state constitution because it allows public funds to be provided to religious institutions. It is expected that the program will continue to operate pending an appeal to the Florida Supreme Court.

Florida also operates the *John M. McKay Scholarships Program for Students with Disabilities*, distinct from the Opportunity Scholarship Program. Under this program, all pupils with disabilities who attend Florida public schools may receive a voucher to attend a public or private school of their family’s choice. The value of the voucher is based on the amount of aid that would be available to the public schools for the child’s education and is dependent on the nature of the pupil’s disability. Generally it ranges between \$4,500 and \$21,000. (Alan Richard, “Florida Sees Surge in Use of Vouchers,” *Education Week*, September 5, 2002). If the voucher amount is insufficient to cover the full cost of tuition and the school does not accept the voucher as payment in full, families are permitted under the program to make additional payments to the private school, although most families pay either nothing or less than \$1,000 above the voucher amount. During the 2002-2003 school year, 9,202 students participated in the program. (J. P. Greene and Greg Forster, *Vouchers for Special Education Students: An Evaluation of Florida’s McKay Scholarship Program* [New York: Center for Civic Innovation], no. 38, June 2003).

In Utah, the *Carson Smith Special Needs Scholarship Program* authorizes the awarding of vouchers valued at up to \$5,700 per year to enable students with disabilities, aged 5 to 19, (and in certain instances, up to 22), to attend private schools. To be eligible to receive a scholarship, a student must either: (a) in the previous year have been enrolled in a public school, have an individualized education program (IEP), and have been accepted to an eligible private school; or (b) have been accepted into an eligible private school specializing in serving students with disabilities. (Utah H.B. 249 Enrolled, the *Carson Smith Scholarships for Students with Special Needs Act*, enacted Mar. 10, 2005.)

Some states support private school choice through tax policy. Arizona provides tax credits to individuals for contributions to STOs that provide scholarships to students to meet the costs of private school attendance. (As previously noted, a challenge to the Arizona tuition tax credit program has been allowed to proceed in federal courts). Florida provides tax credits to corporations that fund organizations providing scholarships to low-income children. Pennsylvania also grants corporations tax credits for contributions to organizations that award scholarships allowing children to attend the school of their choice. Additionally, Illinois and Iowa allow individuals to claim a tax credit for certain educational expenses, including private school tuition; and Minnesota allows tax credits and deductions for similar expenses. (Krista Kafer, *School Choice 2003: How States Are Providing Greater Opportunity in Education* [Washington, D.C., The Heritage Foundation, 2003]. See also *NSBA Voucher Strategy Center* [Alexandria, VA: National School Boards Association, 2004].)

The DC School Choice Incentive Program (enacted through federal legislation) is the first major school choice program to be implemented since the Supreme Court decided *Zelman v. Simmons-Harris* (536 U.S. 639 [2002]). Legislatures in a number of other states also have recently considered school choice legislation. Existing school choice programs continue to be challenged in the courts, with some of these challenges involving state constitutional prohibitions against the provision of state aid to support religious activities, such as education. In 2004, the U.S. Supreme Court decided two cases related to school choice (*Locke v. Davey* and *Hibbs v. Winn*). These decisions and those expected in cases currently before state and federal courts likely will affect the drafting of future school choice programs. (For a more detailed review of legal issues relating to school choice, particularly vouchers, see CRS Report RL30165, *Education Vouchers: Constitutional Issues and Cases*.)

Current Federal Choice Programs

Currently, elementary and secondary education school choice is supported through several ESEA programs and through the federal tax code. The following provides a brief description of current federal school choice programs. Where appropriate, program descriptions include FY2004 appropriation amounts.

ESEA Programs

Local Educational Agency Plans (ESEA Title I-A). Schools with 25% low-income enrollment may be granted a waiver allowing participation in Title I-A in instances where they would not otherwise be eligible, if they are involved in desegregation programs under which students change schools (the threshold otherwise is generally 35% or higher). This provision was added to Title I-A in 1994.

School Choice as a Component of School Improvement (ESEA Title I-A). Students attending Title I-A schools identified for school improvement after failing to meet AYP standards for two consecutive years must be offered the opportunity to choose from among two or more schools within the same LEA that have not been identified for school improvement, corrective action, or restructuring, and that also have not been identified as persistently dangerous schools. The lowest achieving children from low-income families must receive priority in choosing schools. The U.S. Department of Education (ED) has issued regulations prohibiting LEAs from using lack of capacity as a reason for denying

students the opportunity to transfer to a school of choice (34 C.F.R. § 200.44(d)). Schools identified for improvement also are required to implement school improvement plans.

Students attending Title I-A schools that are identified for a second year of school improvement after failing to meet AYP standards for a third consecutive year must continue to be offered the option of attending another eligible public school within the same LEA. Students from poor families who continue to attend a Title I-A school identified for a second year of school improvement must be offered supplemental educational services (i.e., tutoring) from a non-profit entity, a for-profit entity, or the LEA, unless such services are determined by the state education agency (SEA) to be unavailable in the local area. The SEA is required to maintain a list of approved supplementary education service providers (including those offering services through distance learning) from which parents can select. In instances where a school fails to meet AYP standards for four consecutive years, it must be identified for corrective action. If, after a year of corrective action, the school still does not improve, the LEA may begin planning to restructure the school, with one option being to reopen the school as a charter school. In instances where there are no eligible schools in the student's LEA, LEAs are encouraged to enter into cooperative agreements with surrounding LEAs to enable students to transfer to an eligible public school. LEAs may be required to expend an amount equal to 20% of their Title I-A grants on transportation for public school choice and supplemental educational services.

In instances where a Title I-A LEA fails to make AYP for two consecutive years, the SEA is required to identify it for improvement, and require the LEA to develop and implement a new LEA education plan, with technical assistance provided by the state. If an LEA is identified for improvement, the SEA has the option of authorizing students attending a school in that LEA to transfer to an eligible public school in another LEA, with transportation costs provided by the sending LEA. If a Title I-A LEA does not meet AYP for four consecutive years, the SEA is required to take corrective action, which may consist of requiring the LEA to provide students the option of attending an eligible school in another LEA.

Innovative Programs (ESEA Title V-A). As means of achieving education reform, states may use Innovative Programs funds for the planning, design, and implementation of charter schools. LEAs may use Innovative Programs funds for magnet schools; for the planning, design, and implementation of charter schools; for school improvement activities; to promote, implement, or expand public school choice; and for supplemental educational services. (FY2005 appropriation: \$200 million — subject to approximately 0.8% reduction.)

Public Charter Schools (ESEA Title V-B-1&2). The Charter Schools Programs support increasing the number of charter schools by providing financial assistance for their planning, design, and implementation. Forty states, the District of Columbia, and Puerto Rico have charter school laws providing for the authorization of charter schools. In exchange for exemption from significant state and/or local rules, charter schools are expected to be held accountable for achievement of agreed-upon objectives. The Charter Schools Programs require that all students in a community served by a charter school be given an equal opportunity to attend.

Under Title V-B-1, the first \$200 million appropriated for the Charter Schools Programs is reserved for grants to states and eligible applicants for the planning, design, and implementation of public charter schools and for the dissemination of information about charter schools; for state revolving loan funds; and for national activities. The next \$100 million appropriated for Title V-B-1 is reserved for per-pupil facilities aid programs, in which competitive grants are awarded to states for purposes of establishing and administering programs dedicated to funding charter school facilities, in whole or in part, on a per-pupil basis. Fifty percent of funds appropriated in excess of \$300 million are reserved for each of the two uses. (FY2005 appropriation: \$218.7 million — subject to approximately 0.8% reduction.)

Under Title V-B-2 funding may be provided for grants to public or private entities (or a combination of the two) for the development of credit enhancement initiatives to assist charter schools in acquiring, constructing, or renovating facilities. (FY2005 appropriation: \$37.3 million — subject to approximately 0.80% reduction.) For additional information on funding for charter school facilities, see CRS Report RL31128, *Funding for Public Charter School Facilities: Federal Policy Under the ESEA*.

Voluntary Public School Choice Programs (ESEA Title V-B-3). These programs support school choice by providing competitive grants for transportation services in support of public school choice, and allow funds also to be used for tuition transfer payments, school enhancement in schools receiving transfer students, and public education campaigns. (FY2005 appropriation: \$26.8 million — subject to approximately 0.8% reduction.)

Magnet Schools Assistance (ESEA Title V-C). Magnet schools are schools with special programmatic and other features, and are designed to encourage voluntary desegregation through the mechanism of parental choice. The Magnet Schools Assistance program supports school choice by offering students the opportunity to attend a public school with a special curriculum that attracts substantial numbers of students from differing racial backgrounds. (FY2005 appropriation: \$108.6 million — subject to approximately 0.8% reduction.)

Fund for the Improvement of Education (ESEA Title V-D-1). The Fund for the Improvement of Education (FIE) provides the Secretary authority to support nationally significant programs aimed at improving the quality of elementary and secondary education at the state and local levels. Programs may be carried out directly by the Secretary, or through grants or contracts. Specifically authorized uses of FIE funds include, among others, the exploration of state and local public school choice programs.

School Choice Offered to Pupils Attending Unsafe Schools. Each state receiving ESEA funding is required to allow pupils who attend chronically unsafe schools and those who are victimized on the grounds of an elementary or secondary school to transfer to a safe public school within the LEA.

Funding Allocations for Services to Students Attending Private Schools ESEA. Funds provided under several programs are required to be used to provide certain education services, on an equitable basis, to eligible pupils enrolled in private schools.

Coverdell Education Savings Accounts. Distributions from Coverdell ESAs may be used for elementary and secondary education expenses at public, private, or religiously affiliated elementary or secondary schools. Annual contributions to Coverdell ESAs are limited to \$2,000. For further information on this tax benefit, see CRS Report RS21870, *Education Tax Benefits: Are They Permanent or Temporary?*

DC School Choice Incentive Act. This is a federal grant program under which ED funds the operation of a tuition scholarship program in the District of Columbia. Students who are residents of the District of Columbia and whose family income does not exceed 185% of the poverty line are eligible to receive scholarships valued at up to \$7,500 per year to support their attendance at private elementary or secondary schools located in the District of Columbia. Priority in the awarding of scholarships goes to students attending schools identified for school improvement, corrective action, or restructuring under ESEA Title I-A. The program is authorized through FY2008. (FY2005 appropriation: \$14 million.) (For a more detailed discussion of the DC School Choice Incentive Act of 2003, see CRS Report RL32019, *Proposals to Establish a K-12 Scholarship or Voucher Program in the District of Columbia: Policy Issues and Analysis*.)

Major Types of Proposals to Expand Federal School Choice Support

The range of school choice proposals that the U.S. Congress might consider is broad and can be clustered into at least four basic groups — choice options in existing programs, demonstration or targeted choice programs, block grants, and tax subsidies. These are *not* mutually exclusive. Each of these is briefly reviewed below.

Choice Options in Existing Programs. Advocates of school choice may seek to amend existing federal education programs in various ways, such as removing possible program barriers to choice, adding school choice to authorized uses of funds, expanding current choice provisions, or reconstituting programs to focus them on choice. They also may consider appropriations language directing how program funds may be spent. The primary examples of proposals in this category have involved ESEA Title I-A. As previously noted, Title I-A contains certain choice-related provisions authorizing or requiring public school choice and the provision of supplemental educational services for students attending poorly performing Title I-A schools. Previously attempted choice amendments to Title I-A also have endeavored to include private school enrollment among choice options. Additionally, over time the ESEA has been amended to be supportive of public school choice through the addition of the Innovative Programs, Public Charter Schools, Voluntary Public School Choice, and Magnet Schools programs. Some have proposed amending the Individuals with Disabilities Education Act (IDEA) to include a school choice component.

Demonstration or Targeted Choice Programs. Federal support for school choice might be designed to demonstrate the impact of school choice in a discrete number of locations (e.g., specific cities or a limited number of places around the country, such as low-performing LEAs, or empowerment zones) or to target choice in a similarly limited fashion to particular kinds of students or schools. The most frequent examples of this kind of proposal have sought to expand choice options for special groups of students (e.g., low-income students, victims of violence on school grounds) or those in certain types of schools (e.g., schools characterized by poor levels of academic performance). The DC School Choice Incentive Act is an example of this type of program.

Block Grants. Block grants are federal grants to states that provide an exceptionally high degree of flexibility in the ways in which aid may be used, perhaps coupled with more specific requirements for accountability in terms of outcomes. They are frequently proposed as the outcome for a consolidation of several existing federal education programs. Groups of existing programs might be transformed into block grants in selected states under “performance agreement” proposals. Under a block grant, school choice might be an explicitly authorized use, a required use (perhaps of some specified portion of funding), or a precondition for participation (i.e., federal funds are available only to those implementing choice plans). At times, choice programs have been explicitly included among the authorized uses of funds under these block grant proposals or the authorities are sufficiently open for choice to be supported without explicit mention.

Tax Subsidies. Advocates of federal support for school choice often turn to the IRC in order to provide tax benefits — deductions, credits (refundable or non-refundable), or exemptions from taxation of certain income — for all or certain categories of families paying tuition or related costs for K-12 education. Coverdell ESAs are a current example of a tax subsidy supportive of elementary and secondary education school choice (these accounts also support postsecondary education expenses). Proposals also have been made to provide tax subsidies for contributions to STOs, which in turn would award private scholarships to enable children to attend schools of choice. Some see tax subsidies, especially tax credits, as an option to school vouchers. (For further information on proposals to support school choice through the federal tax code, see CRS Report RL31439, *Federal Tax Benefits for Families’ K-12 Education Expenses in the Context of School Choice*.)

Why Is There Debate over Federal Support of Expanded School Choice?

This section considers some of the issues that have framed the debate over school choice. Over the past several Congresses, many school choice proposals have been introduced and debated, often vigorously. Most failed to be enacted. The most divisive issue regarding publicly funded school choice is the provision of direct support to aid pupils attending private, often religiously affiliated, schools. Conclusive evidence about the impact of private school choice remains elusive; however, proponents and opponents alike often cite conflicting findings from studies of the Milwaukee and Cleveland voucher programs and some privately financed voucher programs to support their views. There is currently relatively little opposition to federal support of some choice options that include only public schools, as under the ESEA Title V programs: Innovative Programs, Charter Schools Programs, Voluntary Public School Choice Programs, and Magnet Schools Programs. However, the reaction to the ESEA Title I-A school choice provisions requiring LEAs to provide intradistrict public school choice (including transportation) to students assigned to schools identified for school improvement and to offer supplemental education services to students from low-income families assigned to schools identified for a second year of school improvement has been mixed.

Those who *support* choice proposals that include private schools have argued that in view of the apparent institutional rigidity and resistance to change in many public school systems, the most effective way in which the federal government can help to improve educational performance, especially for pupils in low-income families, is to increase such pupils’ opportunities to select from a range of schools, including private and religiously

affiliated schools. Proponents frequently state that helping at least some pupils from low-income families “escape” their current, often poor-performing public schools provides an immediate benefit to those pupils, and helps to provide such pupils with a degree of educational choice and opportunity that those from more affluent families already have. Competition through choice, it is argued, also would stimulate major improvements in the performance of many public school systems serving large numbers of poor children. Finally, while recognizing the possibility that new forms of government regulation may accompany public funding, some proponents of school choice programs argue that this threat can be limited through statutory prohibitions, especially if the aid is provided indirectly (i.e., through pupils’ families). Supporters have likely been encouraged by the U.S. Supreme Court’s ruling in *Zelman v. Simmons-Harris*.

Opponents of federal school choice proposals that include private schools tend to focus on the limitations of the choice options being proposed, and the potentially negative effects on public schools and their pupils, including diversion of attention and resources away from the goal of public school system reform. Many of the current choice proposals generally involve only a portion of the potentially eligible pupil population — e.g., they would be available only in one or a few localities, or only for a selected number of pupils in low-income families nationwide. In addition, they often are limited in the proportion of private school tuition and fee costs that may be covered, and/or the maximum voucher or scholarship per pupil. While these amounts may cover a substantial share of the costs of attending some private — especially elementary — schools, they are typically sufficient to pay the full costs of attending only the least expensive types of private schools. Further, some opponents argue that substantial governmental regulation of private schools will inevitably accompany Federal school choice programs, even if Federal financial assistance is provided indirectly. Finally, some opponents argue that the effects of competition on public school systems are more likely to be negative than constructive, including a reduction in funds that are linked to enrollment levels, abandonment of public schools by pupils whose families are most alert to the choices available to them, and unequal constraints on public schools (e.g., the public schools must continue to serve numerous and diverse hard-to-educate pupils who might be rejected by private schools).

LEGISLATION

Proposals in the 109th Congress

Several proposals have been introduced in 109th Congress that would affect federal support of school choice at the elementary and secondary education level. Bills include those that would amend the Internal Revenue Code (IRC) of 1986 to support school choice through the creation of new tax credits or the expansion of existing credits; and those that would amend existing school choice provisions under the ESEA. None of these proposals have been voted out of committee.

Selected House and Senate Bills. This section identifies and describes legislative proposals made during the 109th Congress that address the federal role in school choice. It will be updated regularly as legislation is introduced and considered.

H.R. 224 (Strickland, et al.)

Comprehensive Learning Assessment for Students and Schools (CLASS) Act. Among other things, the bill would amend the requirement under ESEA Title I-A that LEAs provide students attending schools identified for school improvement, corrective action, or restructuring with public school choice and supplemental educational services. Under H.R. 224, LEAs would only be required to provide school choice and supplemental educational services to students who are members of student subgroups identified as not making AYP, (as opposed to all students attending the school as is currently required).

H.R. 403 (Paul, et al.)

Hope Plus Scholarship Act of 2005. Would amend the IRC by allowing the Hope Scholarship Credit (an existing higher education tax credit), to be claimed for qualified elementary and secondary education expenses (defined the same as for Coverdell ESAs). The bill would not amend the student eligibility requirements applicable to the Hope Scholarship program.

H.R. 404 (Paul, et al.)

Education Improvement Tax Cut Act. Would amend the IRC by authorizing a tax credit of up to \$3,000 (\$1,500 for married couples filing separately) for contributions to charitable organizations that provide elementary or secondary school scholarships.

H.R. 406 (Paul, et al.)

Family Education Freedom Act of 2005. Would amend the IRC by authorizing a tax credit of up to \$3,000 annually per dependent student for qualified educational expenses associated with the costs of attendance at a qualified elementary or secondary school. Qualified expenses would include costs associated with attendance at public, private, parochial, religious, or home schools.

H.R. 441 (Smith, C.)

Education, Achievement, and Opportunity Act. Would amend the IRC by authorizing a tax credit of up to \$2,500 annually per qualifying child for qualified elementary school educational expenses, and up to \$3,500 annually per qualifying child for qualified secondary school educational expenses. The credit would begin to be phased out for families with adjusted gross incomes (AGIs) above \$150,000.

S. 15 (Bingaman, et al.)

Quality Education for All Act. Among other things, would amend the public school choice provisions of ESEA Title I-A by making the obligation of LEAs to provide students the option to transfer to another public school subject to applicable State and local health and safety code requirements regarding facility capacity; by authorizing grants for school construction and renovation, with priority for LEAs experiencing difficulties meeting the ESEA Title I-A public school choice requirements due to capacity constraints; and by creating new requirements applicable to providers of supplemental educational services.

S. 75 (Cantwell)

The Educational Savings for Students Act of 2005. Would amend the IRC by increasing the limit on contributions to Coverdell ESAs from \$2,000 to \$5,000 per year.

FOR ADDITIONAL READING

CRS Reports

CRS Report RL30165, *Educational Vouchers: Constitutional Issues and Cases*, by Angie A. Welborn.

CRS Report RL31329, *Supplemental Educational Services for Children from Low-Income Families*, by David P. Smole.

CRS Report RL31439, *Federal Tax Benefits for Families K-12 Education Expenses in the Context of School Choice*, by Linda Levine and David Smole.

CRS Report RL31489, *Individuals with Disabilities Education Act: Possible Voucher Issues*, by Richard N. Apling, Nancy L. Jones, and David Smole.

CRS Report RL31583, *K-12 Education: Special Forms of Flexibility in the Administration of Federal Aid Programs*, by Wayne Clifton Riddle.

CRS Report RL32019, *Proposals to Establish a K-12 Scholarship or Voucher Program in the District of Columbia: Policy Issues and Analysis*, by David P. Smole.

CRS Report RS21273, *The Law of Church and State: Public Aid to Sectarian Schools*, by David M. Ackerman.

CRS Report RS21870, *Education Tax Benefits: Are They Permanent or Temporary?* By Linda Levine.

CRS Report RS21254, *Education Vouchers: An Overview of the Supreme Court's Decision in Zelman v. Simmons-Harris*, by Christopher Jennings.